क्या उनको भी सर्व शिक्षा अभियान में लिया जा सकता है, जिससे उन बच्चों को भी पढ़ने की सुविधा प्राप्त हो सके?

SHRI KAPIL SIBAL: Sir, I think what we need to do is to have separate schemes to deal with some of these issues. As far as the question of Madrasas .....

SHRI TARIQ ANWAR: I talked of Sanskrit Vidyalayas also.

SHRI KAPIL SIBAL: ...and also Sanskrit Vidyalayas are concerned, we have separate schemes to deal with them. As far as Madrasas are concerned, in fact, we want to develop a consensus through which we can impart secular education in Madrasas without impacting on the religious education that is imparted there. We are hoping in the times to come to give them an equivalent of a CBSE degree. If they get a degree which allows them to move on to polytechniques or to a university system, which is not available at present, I think the Madrasas would benefit greatly. We are contemplating that stream and I am in the process of developing a national consensus on that. I think the Members of this House will also support me in that.

Schemes to unearth black money

*143. SHRI PRASANTA CHATTERJEE:††
SHRI TAPAN KUMAR SEN:

Will the Minister of FINANCE be pleased to refer to the answer to Starred Question 294 given in the Rajya Sabha on 21 December, 2004 and state:

(a) whether the Expert Group set up by Government has recommended special schemes to unearth black money and assets;

(b) if so, the amount of black money presently in and outside the country and the schemes to unearth the same; and

(c) if not, the reasons therefor?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): (a) to (c) A statement is laid on the table of the House.

Statement

(a) Yes, Sir.

(b) There is no official estimate of the amount of black money presently in and outside the country. At the instance of the Government, the National Institute of Public Finance and Policy (NIPFP) had in 1985 conducted a study "Aspects of black money in India" in which the amount of black money in the country in the year 1983-84 was estimated between Rs.31,584 crore and Rs.36,786 crore. The authors of the study had, however, admitted that their estimate was based on numerous assumptions and approximations, each of which could be challenged. Subsequently no fresh study has been conducted by the Government on the amount of black money.

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††The question was actually asked on the floor of the House by Shri Prasanta Chatterjee.

The Government takes several punitive and deterrent steps to unearth black money. These include scrutiny of returns, surveys, search and seizure action, imposition of penalty and launching of prosecution in appropriate cases. Among other efforts to unearth black money, Tax Information Network (TIN) has been set up as depository of important tax related information which can be accessed by the Department. The basic components of TIN are information relating to Tax Deduction at Source (TDS), information relating to payment of taxes and information relating to high value transactions coming from the Annual Information Returns (AIR). The information collected from various sources is also collated electronically to create a 360 degrees profile of the high net-worth assesses so as to detect black money. Under the provisions of section 206A of the Income Tax Act certain entities responsible for paying to resident any income by way of interest (other than interest on securities) without deduction of tax at source are required to furnish quarterly returns. Information as regards suspicious transactions and large cash transactions, as disseminated by the Financial Intelligence Unit, India (FIU-IND), is also investigated by the Income Tax Department. Appropriate action under the provisions of Direct Tax Laws is taken in cases where black money is detected.

There is no proposal under Government's consideration to introduce any new amnesty scheme.

(c) Does not arise in view of (a) and (b) above.

SHRI PRASANTA CHATTERJEE: Mr. Chairman, Sir, I recall that the Wanchoo Committee, in its report, in 1971, described the black money as a cancerous growth in the country's economy. In reply to Question No. 294, in this House, on 21.12.2004, the House was informed that the amount of black money in the country, in 1983-84, was estimated between Rs. 31,584 crores and Rs. 36,786 crores. It has again been repeated, today, in reply to my question. There was a study conducted in 1985. But there has been no further study since then. We have also been informed that the Government has set up an Expert Group to recommend special schemes to unearth black money and assets. But till date, the report has neither been Tabled in this House, nor has the Government Tabled any action taken report on the recommendation of the Expert Group.

MR. CHAIRMAN: What is the question? Please avoid making a statement while putting a supplementary.

SHRI PRASANTA CHATTERJEE: My first question to the hon. Finance Minister is this. What action has the Government taken, so far, on the recommendation of the Expert Group and the quantum of black money unearthed between 21.12.2004 and 31.3.2009?

SHRI PRANAB MUKHERJEE: Mr. Chairman, Sir, so far as the question of black money is concerned, it is true that there is a pernicious impact of unaccounted money on the overall economy. So far as the quantum and quantification of unaccounted money is concerned,

various studies have been undertaken by various individuals, but no precise amount has been arrived at. I have referred to a statement, in response to the main question, where I have stated in the first paragraph itself that it is a Government-sponsored study by the National Institute of Public Finance and Policy, which conducted the study in 1985. They have given the figure between Rs. 31,584 crores and Rs. 36,786 crores, in the year 1983-84. The authors themselves said that there were numerous assumptions and approximation, each of which could be challenged on either side. Somebody may say it is much higher; somebody may say it is lower. It is true that, thereafter, the Government did not undertake any official initiative to quantify it. But certain individual studies have taken place, from time to time, and we have received those studies. For instance, I can give some information to the House. One Prof. Suraj B. Gupta, retired Professor of the Delhi School of Economics, undertook some study, in 1992, in his book 'Black Income in India'. They made some study that in 1980-81, it was 41.7 per cent of the GDP, amounting to Rs. 50,977 crores; in 1983-84 - 45.81 per cent, amounting to Rs. 85,208 crores; in 1987-88 - 50.71 per cent, amounting to Rs. 1,49,297 crores. Certain other types of studies have also been made. Another study has been made by Prof. Arun Kumar, of JNU in his book ' Black Economy in India'. In this book, he has stated that in the year 1995-96, there was an estimated black money of Rs. 4,87,185 crores. From these figures itself the hon. Members will appreciate that there are very wide variations. In a situation like this, there would be wide variations. Then the question is, what is the Government going to do? The Government is going to unearth the black money. There are two very effective instruments, that is, the instrument of search and seizure and the instrument of survey through which the income tax departments collect the information. With the computerised scrutiny system in place, it has been possible, on the one hand, to spare a large number of taxpayers from rigorous scrutiny.

But, whenever there is a doubt, and through the computerised scrutiny system, if it is found that certain accounts will have to be scrutinised, then, it is scrutinised thoroughly so that it becomes really a problem for tax evaders and tax avoiders. Through search and seizure operations also — if the hon. Members are interested in having some figures, I have that; but I would not like to waste the time of the House by quoting those figures — the Income-Tax Authorities get the relevant information. Through the documents which they seize from there, they arrive at an assessment; from there, they realise a large quantum of revenues, which get reflected in the details of the Budget documents which we give every year.

SHRI PRASANTA CHATTERJEE: Sir, we have noted from the reply that a study by the NIPFP has been conducted by the Government on the amount of black money prevailing since 1995. Very recently, we came to know that Mr. Falco Galli, spokesperson of the Ministry of Justice, has said that the documents, in respect of Hasan Ali Khan, submitted by the

Government of India, in 2007, were forged. I want to know from the hon. Minister what action plan the Government of India is undertaking to curb the menace of black money in India *vis-a-vis* the money deposited in Swiss banks by several Indians and Indian companies.

SHRI PRANAB MUKHERJEE: Sir, so far as the question of search and seizure operations on Hasan Ali Khan and the documents seized from there are concerned, as per the practice of the Income Tax Department, whenever they conduct a search and they seize the documents, they prepare a list of documents which have been seized so that the persons, whose premises are being searched, cannot claim that the officials have taken away their valuable properties and other things. Now, one such document appeared to be a forged document, and after some time, after some scrutiny, — it was not possible to make a scrutiny on the spot — necessary clarifications were issued by the Revenue Department through a Press Release. So, that aspect has been taken care of. And, as regards the information which we have received from the search operation conducted in that particular premise, the Department has gone vigorously, and they have valued and re-valued everything. Some money is being deposited — we have got the evidences — in the Swiss bank. We have sought the advice of the Solicitor General as to whether we should issue a legal *rogatory* to get the necessary information. But, as the hon. Members of this House are aware, this is an issue which is agitating many of us. Swiss banks, till now, took the position that they would never divulge the information. So far as their banks' Secrecy Act is concerned, they will not divulge the information. If I remember correctly — I am subject to correction by hon. knowledgeable Members — only once did they make this departure, when the Nuremberg trial took place in 1946. Before that and even after that, the Swiss banks have never departed from that. But, as a consequence of this meltdown, there is a pressure now from the OECD countries that for the correct exchange of information, there should be a revision of the Avoidance of Double Taxation Agreements which are entered into between various countries, as we have entered into 76 such Avoidance of Double Taxation Agreements with various countries. Those are being brought at par with the disclosure provisions followed by the OECD countries. And I am told that the Swiss Authorities have, ultimately, agreed to enter into negotiations. We have the Avoidance of Double Taxation Agreement with them as well and the relevant Secrecy Clause. We are going in for negotiations, and when it is arrived at, it would be possible for us to get more information in respect of that. So far as Hasan Ali Khan is concerned, it has been taken care of, and the assessment is being properly conducted.

SHRI TAPAN KUMAR SEN: Sir, my supplementary is that in 2004, you had set up a committee specifically to recommend special schemes for unearthing the black money and unaccounted money. What are precisely the recommendations of that committee? What did they do from 2004 to 2009? And what is the response of the Government to those recommendations? Kindly educate us. And, secondly, ...

MR. CHAIRMAN: No. One question please.

SHRI TAPAN KUMAR SEN: Please. It is a part of the same question.

MR. CHAIRMAN: You said 'second'!

SHRI TAPAN KUMAR SEN: It is an indivisible part of the same question, Sir. Please allow. And, I think the hon. Minister will be glad to answer.

The tax arrears increased by geometric proportions in some years, especially during the last quarter of the last decade; now, the situation has improved to some extent. But, still, a sizeable part of tax arrears are there. I would like to know whether the Government is going to consider that, as also the unaccounted money which should have been in the national exchequer but which is not somehow flowing there.

SHRI PRANAB MUKHERJEE: Sir, so far as recommendations of the committee of 2004 are concerned, we have received the report. But, to be frank, we are not very enamoured to have another type of disclosure scheme. In this country, we have conducted a series disclosure schemes from 1950; one such scheme had been piloted by me as the Revenue Minister in 1975 and it was known as the Voluntary Disclosure Scheme. We had got a substantial quantum of money. But, the amount which we receive as a result of all these exercises after netting out the negative impact on revenues is not very large and the one-time receipt that we get, there is always a complaint because voluntary disclosures are not popular unless the rates of tax are reduced. Therefore, in every such scheme, the rate of tax has been reduced. The complaint has been that we are penalising the honest tax payer and encouraging the dishonest tax payer. There is a vested interest in first concealing some income and, thereafter, taking the advantage of these types of schemes, come out and have a little relief. Therefore, we are not very enamoured of such schemes.

So far as the question of recovering arrears is concerned, it is not that every arrear is as a result of avoidance of taxation. Many times, more often than not, assesses do not agree with the assessment of the tax authority and, as a citizen of a democratic country, he has the right to object and the law has given him that right, and there is a way of settling these issues. These issues are being settled through these mechanisms.

SHRI M. VENKAIAH NAIDU: Sir, I agree with the hon. Minister that it is not easy to quantify the amount of black money that is there in the market. Some time back, the Wanchoo Committee had opined that there was a parallel economy running with more than three lakh crores of rupees; that was the estimate long back. I would like to know from the hon. Finance Minister whether he is aware of the fact that the hon. Prime Minister had stated some months back that steps would be taken by the Indian Government to get back the money that was parked in Swiss banks. The Swiss authorities had said publically, as per newspaper reports, if the Parliament of any country passed a Resolution in this respect, they would be ready to give the names to that country...*(Interruptions)*

MR. CHAIRMAN: Bagrodiaji, no interruptions. Please. ...*(Interruptions)* No interruptions please. Let the question be completed.

SHRI M. VENKAIAH NAIDU: Sir, it is a very serious question concerning the entire country. People are agitated. There is a big debate going on outside the Parliament also. And the hon. Prime Minister has rightly taken note of it. I am sure the Finance Minister must be aware of the seriousness of the situation. What are the steps that the present Government is intending to take to get back the money that is parked in Swiss banks and other tax havens by Indian people?

SHRI PRANAB MUKHERJEE: Sir, so far as this issue is concerned, the hon. Member is correct. The hon. Leader of the Opposition in the other House had written a letter to the hon. Prime Minister, with a copy to me. We are aware of it and we have initiated the steps. I have already pointed out that even when they were discussing the financial crisis, one of the decisions which the world leaders arrived at was that there should be transparency in the exchange of information. And we have already taken it up not only with the Swiss authorities but also with the other authorities, and in some cases, we get the information. But, as per the secrecy clause, in one particular case, where we have got the information, we have taken action, we have made assessment, we have got additional revenue, but unfortunately, unless that clause is being changed, we cannot do much. It is the international commitment. Unilaterally, we cannot simply ignore it. If we ignore it, then, further sources of information will be dried out. Therefore, we are negotiating with them. We have taken various steps for revision of the Avoidance of the Double Taxation Agreement, particularly relating to the secrecy clause, to have the information to the appropriate authorities. Now, they are sharing the information with the tax authorities only. In many countries, there are such rules. Their rules are, the Leader of the Opposition, Shri Arun Jaitley is nodding, I don't know whether approvingly or disapprovingly, but he knows it very well that some of the countries tell the other concerned country, 'yes, we can give you, but only related to tax matters, not related to any other matter', and we shall have to go with this. But, this matter is engaging the attention of the Government. Yesterday, the hon. Member raised this issue while making his observations on the debate on the General Budget, and I have noted that.

SHRI RAJEEV SHUKLA: Sir, I will be very precise in my question. I want to know from the hon. Finance Minister whether companies based out of Mauritius are the major source of black money in this country, and what steps are being contemplated by the Government in this direction.

SHRI PRANAB MUKHERJEE: Sir, in my other incarnation as the Foreign Minister of this country, I took it up with the Mauritius authorities, and we have made some progress. There is a procedure which is popularly known as 'Mauritius route'. So, I have taken it up, and the same is being pursued. We want to amend the relevant clauses of the particular Agreement which was

entered into with Mauritius in the early eighties. The Mauritius Government pointed out that they are building up their country as a financial hub. I have no problem in it because Mauritius is a very friendly country to us. Most of the population of Mauritius is of the Indian origin, and all the Indian rituals, customs and systems are being practised there. Therefore, we have very close relations with Mauritius, and we would not like to disturb them. So, I have offered that let us calculate the financial losses which we will have, deemed losses even, and we are prepared to compensate that by providing through other means, including the bilateral assistance which the Government of India is in a position today to do. We provide around three to four billion US dollar worth bilateral assistance to other countries. But, we would like to amend this. So, talks are going on. It is difficult for me to give more details on this issue.

SHRI RAHUL BAJAJ: Mr. Chairman, Sir, my question to the Finance Minister, through you, arises from his written answer and the statement which he made just now. He said that the Government is, for various reasons, not in favour of a new disclosure and amnesty scheme. Whenever such schemes came, I was amongst those who objected to them on ethical grounds. But, in view of what is happening abroad and in countries like Switzerland, I would suggest something. In spite of your Double Taxation Avoidance Agreement, as per my information, Sir, it would take years for you to get information, no roving inquiry, specific inquiry is acceptable. Yes, now they have made tax fraud and tax evasion a crime. And, you can get the letter rogatory not only after conviction but even before. But, it will take years to get information. They are delaying it because their economy depends on that. So, in view of the situation that it will take a long time, but there is a pressure now on people who have black money here and especially black money abroad, my suggestion is, charge the same tax rates as you charge the others, no more and no less. But, say, 'bring the money in three, four or six months. After that, if anything is found here or abroad, the entire amount will be confiscated, maybe he will go to jail.' But, Sir, one more request is that in that scheme which was not there last time that not only questions asked, make it a bearer bond or some such scheme, so that nobody knows his identity. Otherwise, Sir, the small money will come in but big guys have lots of ways to keep the money abroad. But, if identity by a bearer bond or something like that is hidden and a reasonable rate of tax is charged, a lot of money will come in because here they put the money in the Arabian Sea. Sir, they cannot put it even in some other bank. During the earlier elections, it was said, 'do not warn him, the money will be taken out.' Okay, taken out, but brought where? It is not easy, Sir. You bring your disclosure scheme though I was against it earlier, — it is unethical, — but on pragmatic grounds.

SHRI PRANAB MUKHERJEE: Sir, this is a suggestion for action, we appreciate it. I cannot respond to it instantaneously. ...*(Interruptions)*... It is a suggestion for action. ...*(Interruptions)*...